

# STATE OF COLORADO FISCAL RULES

## CHAPTER 7: BUDGET

<u>FISCAL RULE</u>	<u>NUMBER</u>
Cash and Custodial Funds	7-1
Quarterly Allocation of Appropriations ( <b>Repealed 7/1/97</b> )	7-2
Expiration and Rollforward of Appropriations	7-3
Overexpenditures and Required Reporting	7-4

# STATE OF COLORADO FISCAL RULES

## Rule 7-1

### *CASH AND CUSTODIAL FUNDS*

#### *AUTHORITY:*

24-37-303, C.R.S. (Governor's Budget Authority)  
24-37-304, C.R.S. (Office of State Planning and Budgeting)

#### *DEFINITIONS:*

**Cash Funds** - Funds received by State Agencies from fees charged to the public, non-governmental entities, intra-agency service funds, internal service funds, and other State Agencies for goods or services provided.

**Custodial Funds** - Funds set aside for a specific purpose generally by agreement with a donor, trustee or by court order that are generally not available for other state purposes. Federal funds originating from the federal government are considered custodial funds for the purpose of this Fiscal Rule.

#### *RULE:*

Spending authority for cash or custodial funds shall be approved by both the Office of State Planning and Budgeting and the State Controller. Spending authority remaining for custodial funds at year end due to an incomplete grant or contract may be reestablished in the new fiscal year, as approved by the State Controller.

Spending authority for cash and custodial funds may arise from various sources including: the Federal Government, the State Constitution, the State Legislature, and court decisions. Expenditures of cash and custodial funds are contingent on the availability of a positive fund balance, current revenue, or an approved working capital loan or advance from the State Treasurer.

Any excess revenue from cash funds shall be reverted to the general fund unless otherwise provided by statute. Custodial fund revenues shall be closed to the appropriate account as provided by agreement with the grantor, trustee or by court order.

#### *EXCEPTIONS TO RULE:*

This Fiscal Rule does not apply to non-appropriated funds in the Department of Higher Education.

# STATE OF COLORADO FISCAL RULES

## Rule 7-3

### *EXPIRATION AND ROLLFORWARD OF APPROPRIATIONS*

#### AUTHORITY:

24-75-102, C.R.S. (Appropriation Expiration and Rollforward)

#### RULE:

Unexpended appropriations expire at the end of each fiscal year and do not carry over to a subsequent fiscal year, unless otherwise authorized by statute. Encumbrances that remain at the end of a fiscal year do not constitute an expenditure against that year's appropriation. Outstanding encumbrances that are carried over to the subsequent fiscal year and the resulting expenditure are charged against the subsequent fiscal year appropriation.

#### EXCEPTIONS TO RULE:

The State Controller may approve the carry over of unexpended appropriations to a subsequent fiscal year under one or more of the following:

- .01 The appropriated funds have been legally committed by purchase order or contract and there are extenuating circumstances which warrant carry over of the remaining appropriation.
- .02 The appropriation is from the Capital Construction Fund.
- .03 The appropriated funds have been legally committed by purchase order or contract with the Division of Correctional Industries, d.b.a. Juniper Valley Products, and delivery is reasonably anticipated within 60 days of fiscal year end.

# STATE OF COLORADO FISCAL RULES

## Rule 7-4

### *OVEREXPENDITURES AND REQUIRED REPORTING*

#### AUTHORITY:

24-37-303, C.R.S. (Governor's Budget Authority)  
24-75-109, C.R.S. (Overexpenditures)

#### DEFINITIONS:

**Overexpenditure of Appropriated Funds** - An overexpenditure of appropriated funds exists when the total expenditures, based on the accrual basis of accounting, exceed the amount statutorily appropriated, as reflected on the State Financial System. An overexpenditure also exists when accrued revenue is less than the expenditures in any fiscal year and where the fund balance at fiscal year end is insufficient to cover the revenue shortfall.

**Overexpenditure of Non-Appropriated Funds** - An overexpenditure of cash, custodial, or other funds exists when the accrued revenues in the cash funds or custodial funds are less than the actual expenditures in any fiscal year for a particular program or project, and where the residual balance for the cash, custodial, or other fund is insufficient at fiscal year end to cover the revenue shortfall.

#### RULE:

For appropriated funds, expenditures shall only be made for the purpose intended and statutorily appropriated by the State Legislature and shall be limited to the amount authorized and appropriated.

For non-appropriated funds, expenditures shall be limited to:

- .01 The spending authority provided by the Office of State Planning and Budgeting and the State Controller.
- .02 The amount of accrued revenue and/or fund balance.
- .03 The actual amount approved by the governing board for the institutions within the Department of Higher Education.

# STATE OF COLORADO FISCAL RULES

## Required Report of Overexpenditures

When the chief executive officer becomes aware of an overexpenditure condition within the State Agency, a report shall be submitted within 20 working days to the Governor, through the Office of State Planning and Budgeting and the State Controller.

## Statutory Penalty

If any official, officer, or employee of the State knowingly causes an expenditure of funds to be made in excess of the amount authorized by the State Legislature, upon conviction, statutory fines and/or imprisonment may be imposed.

## **Exceptions to Rule:**

The State Controller may, with the approval of the Governor, allow an overexpenditure. Prior to recommending to the Governor that the overexpenditure be approved, the State Controller shall verify that the statutory requirements allowing the overexpenditure have been met.

Overexpenditures shall only be approved between May 1 of any fiscal year and the close of that fiscal year.

For any approved overexpenditure the State Controller shall restrict an amount equal to the overexpenditure in the next fiscal year's appropriation for the State Agency involved. The amount shall be restricted from a corresponding item or items of appropriation.